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**Department of Justice**  
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Central District of California

FOR IMMEDIATE RELEASE

Friday, December 8, 2017

## **Subsidiary of Caterpillar, Inc. Pleads Guilty to Federal Offense of Dumping Parts into Ocean after Performing Improper Railcar Repairs**

*LOS ANGELES* – A company that repaired railcars at a Terminal Island facility has pleaded guilty to a federal environmental offense of dumping parts into the ocean to conceal that it was performing unnecessary and improper repairs for several railcar operators.

United Industries LLC – a subsidiary of Progress Rail Services, Inc., which itself is a subsidiary of Caterpillar, Inc. – appeared yesterday afternoon in United States District Court and pleaded guilty to the federal water pollution charge.

Immediately after the guilty plea, United States District Judge Dolly M. Gee imposed a sentence that required United Industries to pay a \$5 million criminal fine. Judge Gee also ordered United Industries to pay \$20 million in restitution to three victim companies – TTX Company, Pacer International, and Greenbrier Company, all of whom owned and operated railcars that were improperly serviced and repaired.

United Industries admitted in a plea agreement filed in federal court that its employees “knowingly conducted inadequate inspections” on railcars the company serviced. United Industries employees improperly replaced functioning parts that did not need to be removed in a process known as making repairs to “green parts.” Employees also made random repairs on the railcars without conducting a proper inspection. The victim companies were then charged for the unnecessary and improper repairs.

“In order to conceal their unnecessary and improper repairs, United Industries’ employees, operating within the scope of their employment and motivated by an intent to benefit the company, concealed the replacement of ‘green’ railcar parts by throwing such parts into the Port of Long Beach (also known as Long Beach Harbor), a navigable water of the United States, from the shore alongside the Terminal Island repair facility,” according to the plea agreement.

After receiving a tip about the improper dumping, Port authorities conducted underwater dives that led to the discovery of a “large debris field” and the recovery of railcar parts that did not show any signs of mechanical wear that would have required replacement.

As a result of illegal conduct that spanned the years 2008 through 2014 – including the unnecessary and improper repairs on railcar adapters, brake beams, grating platforms, brake shoes, friction castings, hand brakes, roof liners and side bearings – United Industries earned at least \$5 million.

After the investigation was initiated, United Industries exited the intermodal railcar repair business and no longer operates intermodal repair facilities on Terminal Island or elsewhere.

United Industries pleaded guilty to a misdemeanor offense of depositing refuse in navigable waters, specifically the Port of Long Beach.

The investigation into United Industries' improper repairs did not uncover any rail accidents attributable to the company's illegal activities.

The investigation into United Industries was conducted by the United States Environmental Protection Agency, Criminal Investigation Division; the Federal Bureau of Investigation; the Federal Rail Administration; and the Los Angeles Port Police, Hazardous Materials Investigations Unit.

This case was prosecuted by Assistant United States Attorneys Mark A. Williams and Joseph O. Johns of the Environmental and Community Safety Crimes Section.

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